



## ANNUAL OIL TRIGGER PRICE ADJUSTMENT

**TO:** North Dakota Oil Producers and Purchasers  
**FROM:** Office of State Tax Commissioner  
**SUBJECT:** Notification of Oil Trigger Price Adjustment for Calendar Year 2021  
**DATE:** December 31, 2020

In keeping with the provisions of North Dakota Century Code (N.D.C.C.) § 57-51.1-02, the Tax Commissioner has determined that the oil trigger price for the calendar year January 1, 2021, through December 31, 2021, is \$89.65.

For your information, the following steps determined the trigger price for calendar year 2021:

STEP 1 - The annual average of the industrial commodities producer price index, commodity code 03 thru 15, as published by the U.S. Department of Labor, Bureau of Labor Statistics, for fiscal year 2020 was computed from the data shown below.

July	2019	201.5
August	2019	200.2
September	2019	199.5
October	2019	199.1
November	2019	199.2
December	2019	199.0
January	2020	199.3
February	2020	196.9
March	2020	192.8
April	2020	184.7
May	2020	185.8
June	2020	<u>190.4</u>
Annual Average		195.70

STEP 2 - A base rate adjustment of .99608 was computed by dividing the 2020 fiscal year average price index of 195.70 by the base rate index of 196.47, which was determined using the 2015 fiscal year average (i.e.,  $195.70 / 196.47 = .99608$ ).

STEP 3 - The effective trigger price of \$89.65 for calendar year 2021 was computed by multiplying \$90.00 times the base rate adjustment of .99608 (i.e.,  $\$90.00 \times .99608 = \$89.65$ ).

In accordance with N.D.C.C. § 57-51.1-02, if the average price of a barrel of crude oil exceeds the trigger price for each month in any consecutive three-month period, then the rate of tax on oil extracted from all taxable wells is six percent of the gross value at the well of the oil extracted until the average price of a barrel of crude oil is less than the trigger price for each month in any consecutive three-month period, in which case the rate of tax reverts to five percent of the gross value at the well of the oil extracted.

The trigger price adjustment is published on the Office of State Tax Commissioner's website located at: [www.nd.gov/tax](http://www.nd.gov/tax). If you have any questions regarding this notification, please contact the Oil and Gas Tax Section at 701-328-2705 or by email at [oiltax@nd.gov](mailto:oiltax@nd.gov).